



NATIONAL CREDIT UNION ADMINISTRATION
Office of Inspector General
Office of Investigations

REPORT OF INVESTIGATION

CASE NUMBER: 20-01

ISSUE DATE: February 10, 2020

CASE TITLE: Michael McKenna and Lara Daly-Sims

VIOLATIONS: Misuse of Official Time, Illegal Drug Use, Time and Attendance Fraud (Daly-Sims)

PREDICATION

On November 17, 2019, the National Credit Union Administration (NCUA) Office of Inspector General (OIG) received information that then-NCUA General Counsel Michael McKenna and then-NCUA Deputy General Counsel Lara Daly-Sims drank alcohol and went to strip clubs during work hours.

SUBJECT INFORMATION

DISTRIBUTION:

Rodney E. Hood
Chairman

J. Mark McWatters
Board Member

Todd M. Harper
Board Member

Mark A. Treichel
Executive Director

CASE AGENT:

(b)(6);(b)(7)(C)
Director of Investigations

APPROVED:

Marta Erceg
Counsel/Assistant Inspector
General for Investigations

(b)(6);(b)(7)(C)

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ERCEG**

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Michael McKenna, former NCUA General Counsel and Designated Agency Ethics Official, SSP-03

Lara Daly-Sims, former NCUA Deputy General Counsel, SSP-02

RELEVANT STATUTES, REGULATIONS, AND RULES

A. Time and Attendance Fraud (relevant to Daly-Sims)

Improper recording of time and attendance to receive pay for time not actually worked is theft from the federal government that is subject to criminal prosecution under 18 U.S.C. § 641. False statements or claims made by the employee, such as an inaccurate time sheet submitted to cover up an employee's work hour shortage, violate 18 U.S.C. § 287 and § 1001 and 31 U.S.C. § 3729.

NCUA Personnel Manual, Chapter 19, Hours of Work, provides that employees are responsible for correctly accounting for all hours in their workdays and workweek and must report timekeeping errors or inconsistencies to their supervisors as soon as possible. Chapter 19 also provides that employees must take a lunch break that is not less than 30 minutes when working 8 or more hours in a day. The lunch break is not considered part of the basic workday and the workday may not be shortened by working through the lunch period on a voluntary basis.

B. Misuse of Official Time

The Standards of Ethical Conduct for Employees of the Executive Branch at 5 C.F.R. § 2635.705 provide that an employee shall use official time in an honest effort to perform official duties and that an employee shall not encourage, direct, coerce, or request a subordinate to use official time to perform activities other than those required in the performance of official duties or authorized in accordance with law or regulation. Section 2635.101(b)(14) sets forth that employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the Standards of Ethical Conduct.

The Standards of Ethical Conduct list as a related statute 5 U.S.C. § 7352, which prohibits employment of a person who habitually uses intoxicating beverages to excess.

NCUA Personnel Manual Chapter 19 provides that the lunch break is a time set aside to take time out for a meal or engage in permitted personal activities. Chapter 19 also provides that an employee on a flexible work schedule may take up to 1-1/2 hours beyond the 30-minute lunch period provided the employee adjusts the tour of duty to meet the daily requirements of his or her schedule.

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NCUA Instruction No. 9903, NCUA Personnel Suitability and Security Program, provides that all NCUA staff are responsible for maintaining an environment where personal conduct, trustworthiness, and character are known to be important and compliance with this instruction is expected and required.

C. Illegal Drug Use

Executive Order 12564, Drug-Free Federal Workplace, codified at 5 U.S.C. §7301 note, provides that federal employees are required to refrain from the use of illegal drugs, including marijuana, and that the use of illegal drugs by federal employees, whether on-duty or off-duty, is contrary to the efficiency of federal service, and people who use illegal drugs are not suitable for federal employment.

NCUA Instruction No. 1238, Drug Testing Program, consistent with the Executive Order, provides procedures for random drug testing of employees holding designated positions, including McKenna and Daly-Sims, and also procedures for drug testing when there is a reasonable suspicion that an employee uses illegal drugs whether on- or off-duty. Reasonable suspicion testing may also be required of any employee in any position when there is reasonable suspicion of on-duty drug use or on-duty impairment.

SYNOPSIS

On November 17, 2019, NCUA Executive Director Mark Treichel and Deputy Executive Director John Kutchey informed the OIG that Kutchey had learned from then-Deputy General Counsel Lara Daly-Sims that she and then-General Counsel Michael McKenna drank alcohol and went to strip clubs during work hours. The Reporting Agent (RA) opened an investigation of this matter on November 18, 2019, and later expanded the scope of the investigation to include an examination of Daly-Sims' time and attendance after the RA discovered that Daly-Sims' NCUA daily parking garage duration was routinely less than 8 hours.

The investigation substantiated the allegations that McKenna and Daly-Sims drank alcohol and went to strip clubs during work hours. McKenna and Daly-Sims both stated in their interviews that they drank alcohol and went to strip clubs during work hours.

Daly-Sims stated in her interview that when she raised her concerns of getting in trouble, McKenna said that if they were reported to the Inspector General, they should just say they were offsite at a planning session. When interviewed, McKenna initially claimed to have no knowledge of anyone from the Office of General Counsel drinking heavily at offsite meetings until the RA asked him if he attended offsite planning meetings.

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In addition, Daly-Sims stated during her interview that she and McKenna consumed edible marijuana during work hours while they were on work-related travel in New York City. McKenna stated in his interview that he had not used marijuana during the workday at the NCUA or at all since joining the Army in 1985, and that he did not remember consuming edible marijuana during the New York trip. The day following his interview, November 19, 2019, McKenna retired from the NCUA after being informed by Executive Director Mark Treichel that McKenna might be drug tested. Treichel also informed McKenna that he expected McKenna would not be at the NCUA Board meeting on November 21 because he would have been placed on administrative leave. During a second interview with McKenna on January 2, 2020, the RA read McKenna a document Daly-Sims had provided the OIG, in which McKenna wrote to her: "We smoke a joint in your hot tub." McKenna told the RA that this was a joke.

The investigation of Daly-Sims's time and attendance determined that Daly-Sims worked 374 fewer hours than what she claimed on her timesheets for the period of April 3, 2017, through November 9, 2019, which amounted to \$46,951.96 in salary that she should not have received. The hours she spent drinking and going to strip clubs with McKenna during the workday was not part of, but on top of, her 374-hour shortage, except for 45 minutes on June 9, 2017, which was included in the shortage calculation.

Daly-Sims resigned from the NCUA on January 10, 2020, while on administrative leave. On January 27, 2020, in response to a request by the RA, through her attorney, Daly-Sims declined to be interviewed about the discrepancies in her time and attendance.

On November 25, 2019, the United States Attorney's Office for the Eastern District of Virginia declined to prosecute McKenna and Daly-Sims for drinking alcohol and going to strip clubs during the workday.

On January 23, 2020, the United States Attorney's Office for the Eastern District of Virginia declined to prosecute Daly-Sims for time and attendance fraud.

DETAILS

A. Lara Daly-Sims

On November 18-19, 2019, the RA and the Assistant Inspector General for Investigations (AIGI) interviewed Deputy General Counsel Daly-Sims, and on December 4, 2019, the AIGI

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interviewed Daly-Sims, regarding allegations that she and McKenna drank and went to strip clubs during the workday. (Exhibits 1, 2, and 3)

Daly-Sims and McKenna first started drinking and going to strip clubs during the workday on February 16, 2017, after McKenna took Daly-Sims and other Office of General Counsel (OGC) attorneys to lunch to fulfill a bet she had with him on the New England Patriots winning the Super Bowl. After lunch, McKenna told Daly-Sims to give him 30 minutes and they would go somewhere else to collect on the second part of their bet. Around 1:00 p.m. or 1:30 p.m., Daly-Sims and McKenna went to a restaurant in downtown Washington, DC and had a couple of beers and some shots of alcohol. After that, Daly-Sims and McKenna went to the strip club next door, Camelot. McKenna had single dollar bills that he gave Daly-Sims to give to the entertainers. She believed they returned to the NCUA around 4:00 p.m. or 4:30 p.m. because that was when McKenna's workday usually ended. Daly-Sims said she felt very uncomfortable drinking and being at a strip club during work hours but did not think someone could tell that she felt uncomfortable. She thought they went to the strip club because she had told McKenna previously that she had never been to a strip club and also thought that McKenna was trying to make her feel better because she (b)(6);(b)(7)(C)

Including this first visit to the strip club in February 2017, McKenna and Daly-Sims went together to strip clubs seven times over a 22-month period, the last time in December 2018. They went to Camelot four times, to another Washington, DC strip club near the St. Regis Hotel once, and to a strip club in New York City, Rick's Cabaret, twice over 2 days. On average, their visits to strip clubs, including travel, were at least 3 to 4 hours long. The strip club visits also involved drinking a lot of alcohol, except for a time Daly-Sims did not drink (b)(6);(b)(7)(C)

(b)(6);(b)(7) Apart from Rick's Cabaret, where McKenna paid with his personal credit card, Daly-Sims paid for the strip clubs on her personal credit card and McKenna provided cash to tip the strippers. Daly-Sims never used her government credit card or government funds for strip clubs or alcohol.

Twice during this period, they drank alcohol heavily during the workday without visiting a strip club. Daly-Sims said that drinking alcohol during the workday continued until McKenna left the NCUA in November 2019, but it was not "hardcore." McKenna and Daly-Sims sometimes would have a late lunch on Wednesdays to discuss work issues at Theismann's Restaurant next to the office or an outdoor café and they usually would have two beers. She said that McKenna insisted that her last performance appraisal, on October 26, 2019, at 3:00 p.m., be over drinks, and during her performance appraisals in 2017 and 2018, McKenna had her drink a shot of whiskey.

Daly-Sims said that going out drinking or to a strip club was always McKenna's idea and that she told him that she was concerned about getting in trouble. Daly-Sims felt like she was a target in the office because the employees in OGC had low morale due to a change in telework

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policy and that she was being swept up in the anger about that. As a single mother, Daly-Sims was afraid of losing her job, while McKenna did not have concerns because he was already eligible for retirement. When Daly-Sims raised her concerns, McKenna said that if anyone reported this to the Inspector General, they should just say they were offsite at a planning session. They did talk about work during these times. Daly-Sims cancelled several times with McKenna with the excuse that she was too busy. McKenna sometimes said she really needed to go and he knew that she was not that busy. Daly-Sims worried that she bore some responsibility and did not say no enough to McKenna.

Daly-Sims did not know of anyone else in OGC who went drinking or to strip clubs during the workday with McKenna. Daly-Sims was unsure of the level of knowledge the rest of OGC had regarding McKenna and her drinking and going to strip clubs. On some occasions, Daly-Sims returned to the office after she went out with McKenna because she was too intoxicated to drive home. On one such occasion, Daly-Sims said she saw Associate General Counsel Frank Kressman and said, "Fucking Mike keeps taking me out on these excursions and I don't like it, but I feel like I have to go." She did not think she shared any details with Kressman. On another occasion, Daly-Sims told Associate General Counsel Linda Dent that she was uncomfortable because she had "just been out with McKenna and wish[ed] [she] hadn't kept agreeing to do it but [she] felt like she could not not go."

McKenna and Daly-Sims went to the strip club in New York City in conjunction with an overnight work trip to New York City. The trip to New York occurred in the week between Christmas and New Year's Day in 2018 and Daly-Sims said there was "a little bit of a manufactured reason to go." She and McKenna did need to speak with outside counsel and an NCUA employee on a work matter and they met with them for about 1.5 hours.

After their meeting, McKenna and Daly-Sims went to dinner and drank a lot. While she was in the bathroom at the restaurant, she called a friend and told him that McKenna wanted to go to a strip club and that she really did not want to go, but felt that she had to go because McKenna was her friend, her boss, and was helping her get the NCUA General Counsel job (to replace him after he retired). After dinner, they went to Rick's Cabaret strip club. Daly-Sims said that this strip club was much more "touchy" than the ones in Washington, DC. (b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

There was no "backroom stuff" at any of the strip clubs they visited. Daly-Sims wanted to leave Rick's Cabaret much earlier but McKenna insisted that she stay. Daly-Sims guessed that McKenna was insistent because he had had a lot to drink.

The next morning McKenna and Daly-Sims met around 11:00 a.m. or 11:30 a.m. at a pub. McKenna gave Daly-Sims a marijuana edible that he had brought with him. Daly-Sims and McKenna consumed the marijuana edible during work hours before they returned to Alexandria. Daly-Sims did not want the marijuana edible because she was concerned about her top secret

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clearance. However, McKenna wanted Daly-Sims to consume the edible, although he did not force her to consume it. Daly-Sims did not know when or where McKenna purchased the edible. McKenna told Daly-Sims that he had smoked marijuana before and she was under the impression that he occasionally smoked marijuana.

After consuming the marijuana edible, McKenna and Daly-Sims went back to Rick's Cabaret because McKenna had left his credit card there the night before. Daly-Sims wanted to leave the strip club but McKenna insisted that they stay. After the strip club, McKenna and Daly-Sims caught their train back to Washington, DC. around 2:00 p.m. or 3:00 p.m. Daly-Sims stated that they were "out of it" on the train ride.

Daly-Sims first received her security clearance in 2017, before she consumed the marijuana edible. She had to complete paperwork recently to initiate the process for renewal of the clearance. She did not reference the edible but thought that was not part of what was asked on the paperwork, which was just a short form to initiate the process. During her initial clearance process, she disclosed that she had used marijuana in the past, but received her clearance and was warned by the CIA not to use marijuana again. The day after her interview, Daly-Sims contacted the RA and said that she had checked her security paperwork and realized that she must tell the Office of Continuity and Security Management about the marijuana edible and correct her paperwork. Daly-Sims had answered "no" to a question about anything changing since her last security clearance, which was inaccurate because of her drug use.

On December 11, 2019, Daly-Sims emailed the RA and the AIGI regarding two envelopes that she found while collecting personal items from her NCUA office on December 10, 2019. Daly-Sims claimed that the envelopes were McKenna's March Madness basketball bracket and his wager with her. Daly-Sims provided pictures of the envelopes and their contents in the email. (Exhibit 4)

On January 10, 2020, Daly-Sims resigned from the NCUA.

On January 27, 2020, through her attorney, Daly-Sims declined to participate in an interview with the OIG regarding discrepancies in her time and attendance.

B. Michael J. McKenna

On November 18, 2019, the RA and the AIGI interviewed General Counsel McKenna regarding allegations that he and Daly-Sims drank and went to strip clubs during the workday. (Exhibit 5)

The RA informed McKenna that the OIG's office had received allegations that members of OGC had offsite meetings where they drank heavily. McKenna informed the RA that he had no knowledge of this. The RA asked McKenna if he attended offsite strategic planning meetings.

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McKenna responded that he and Daly-Sims had three to four offsite strategic planning meetings in the last couple of years where they went downtown and to the National Harbor. When questioned on the downtown locations, McKenna stated that one of the locations was a “gentlemen’s club.”

McKenna stated that he and Daly-Sims went to a gentlemen’s club two to three times at lunch time or towards the end of the workday. McKenna’s workday was from 6:30 a.m. or 7:00 a.m. to 4:30 p.m. or 5:30 p.m. In response to the AIGI’s question, McKenna said he could not identify what time he was referring to when he said “towards the end of the workday.” He said they would spend 1 hour at the gentleman’s club when they went during the workday. McKenna estimated that he had two to three drinks at the gentlemen’s club. McKenna thought it was probably his idea the first time they went to a gentlemen’s club, but that Daly-Sims had previously mentioned that she had never been to a gentlemen’s club and wanted to go. He stated that he and Daly-Sims had an open communication style. Daly-Sims never objected to going and never stated she did not want to go. McKenna had two to three drinks when they went to the National Harbor.

While in New York City, McKenna and Daly-Sims went to a pub and afterwards to a gentlemen’s club, both at night. McKenna did not remember going to the gentlemen’s club the next day, although later, in response to the RA’s question, he said that it was possible that he returned to the gentleman’s club to retrieve his credit card. McKenna stated he had not used marijuana during the workday at the NCUA or at all since joining the Army in 1985. McKenna stated that he did not remember taking edible marijuana on the second day of his New York trip. McKenna never used his government issued credit card at the gentlemen’s club or for drinking during the day. McKenna had not gone to a gentlemen’s club by himself and had not gone drinking with someone else other than Daly-Sims during the day.

On January 2, 2020, the RA and the AIGI interviewed McKenna regarding the envelopes Daly-Sims had emailed us and regarding Daly-Sims’ time and attendance. (Exhibit 6)

Envelopes

The RA informed McKenna that Daly-Sims provided two handwritten envelopes that she said were from McKenna. The RA described the first envelope as having “Mike’s Picks” and “Bet to Follow” written on the front and “MM” and “3/14” on the back, and that the envelope contained a 2018 March Madness basketball bracket. McKenna stated that he and Daly-Sims would exchange March Madness brackets but did not bet money. The RA described the second envelope as having “Pay Up” written on the front and “MM” and “3/14/17” on the back. In this envelope were two sheets of paper; the first sheet was numbered “1” and stated, “We smoke a joint in your hot tub”; The second piece of paper was numbered “2” and stated, “We go

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downtown.” McKenna stated these were just jokes and that neither one happened and restated that no money was ever exchanged.

Daly-Sims’ Time and Attendance

Daly-Sims needed McKenna’s approval to telework. It was hard for him to remember how often she teleworked because for different years, there were different things going on with her.

In November or December 2016, McKenna became concerned that Daly-Sims was not working 40 hours a week. There was a particularly heavy workload in OGC at that time, so McKenna was especially concerned that Daly-Sims might not be working her hours. He arrived at work before 7 a.m. and she did not arrive until 9 a.m., which meant she should be leaving later. Accordingly, he obtained Daly-Sims’ garage entrance and exit information. The garage information did not match what she provided on her timesheets. McKenna confronted Daly-Sims with this information. In 2017, Daly-Sims seemed to be working her hours, but in 2018 and 2019, there were problems again. When McKenna questioned Daly-Sims about her hours, she stated that she worked at night on special projects for Board staff on top of her regular work. McKenna only remembered one occurrence of Daly-Sims not coming into the office at all when she was supposed to, which was in 2019. McKenna told Daly-Sims that she had to take leave. Daly-Sims responded that she had been working on a special project for Board staff and did not need to take leave. McKenna was too busy with his own work and could not therefore keep track of when Daly-Sims was coming and going, and had to rely on what she told him. If Daly-Sims did not work her hours, she misled him. McKenna did not have any recollection of Daly-Sims frequently working from 10 a.m. to 2 p.m., but he noted that he spent a lot of time on the seventh floor (versus the sixth floor, where OGC was located). If Daly-Sims left the building without telling him, that would have been a problem.

Daly-Sims traveled a couple times a year for the NCUA. McKenna remembered Daly-Sims traveled for a NCUA regional conference, a trip to Palm Springs, and to give a couple of speeches. Daly-Sims hardly ever attended outside meetings because McKenna attended them.

Daly-Sims definitely did not telework every night, as he would have had to approve that. When NCUA switched to HR Links, it became even harder to keep track of her time because of the new allowance for a variable work schedule. Daly-Sims’ time and attendance issues were not common knowledge. OGC’s timekeeper may have known about the issues. The Chief Financial Officer (CFO) knew about it because he provided McKenna the garage information in November or December 2016. Deputy Executive Director Kutchev approved the CFO providing the garage information to McKenna. McKenna shredded the garage information when he was packing up his office prior to retiring.

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McKenna was under the impression Daly-Sims worked 80 hours each pay period. If she did not, that meant she misled him. Daly-Sims and her children had doctor appointments. Daly-Sims did not work overnight or stay in the office until very late at night working. However, Daly-Sims would sometimes leave her car in the garage and take the metro into work the next day. A 30-minute lunch was required if an NCUA employee, including Daly-Sims, worked 8 hours.

C. Linda Dent

On November 18, 2019, and November 19, 2019, the RA and the AIGI interviewed Associate General Counsel Linda Dent regarding the allegations that McKenna and Daly-Sims drank and went to strip clubs during the workday. (Exhibit 7)

Dent had never noticed Daly-Sims or McKenna with alcohol on their breath or being inebriated during the workday. Dent remembered one instance seeing Daly-Sims lying down in her office at 5 p.m. or later. Daly-Sims told Dent that she had been out drinking earlier and was lying down before she went home. Daly-Sims did not smell like alcohol and did not appear to be inebriated. Dent said that Daly-Sims was not necessarily drinking during work hours as she could have left work at 3:30 p.m. or 4:00 p.m. and gone to a happy hour. Dent assumed that the drinking event was work-related.

The following day, on November 19, 2019, Dent came to the OIG's office because after her November 18 interview, she had some concerns about what she could not recall during her interview. So, that night, Dent called a close friend and asked her if she had ever told her about people at work going to strip clubs. The friend informed Dent that Dent had told her that the NCUA Deputy General Counsel (Daly-Sims) had gone to a strip club and had not wanted to go. Dent had no memory of this herself. Dent thought her friend remembered this because she had a similar experience at work.

D. Frank Kressman

On November 18, 2019, the RA and the AIGI interviewed Deputy General Counsel Frank Kressman regarding allegations that McKenna and Daly-Sims drank and went to strip clubs during the workday. (Exhibit 8)

Kressman said that approximately a year and a half ago, before Kressman became Deputy General Counsel, he bumped into Daly-Sims in the hallway as he was leaving at the end of the day and had a 2-second conversation with her in which she said that she had been out somewhere with McKenna but did not provide any other details. Kressman had never smelled alcohol on Daly-Sims or McKenna during the workday. Kressman had never gone out drinking with Daly-Sims or McKenna during the workday.

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E. Analysis of Daly-Sims' Time and Attendance Records

On January 15, 2020, the RA completed an analysis of Daly-Sims' time and attendance for the period of April 3, 2017, through November 9, 2019. (Exhibit 9)

The RA compared Daly-Sims' timesheets with her Outlook calendar, travel records, and the duration she was parked in the NCUA parking garage. The analysis was restricted to the time period beginning April 3, 2017, because records for the parking garage were not available before then. The RA also reviewed Daly-Sims' PIV card reader activity to determine her entrances into the office to ensure that she was credited with working when she was in the office but did not use the NCUA parking garage. In calculating the required workday, 30 minutes was added to any workday that was 8 hours or longer to account for the 30-minute uncompensated lunch break that is required by NCUA Personnel Manual, Chapter 19, for such workdays.

Daly Sims' Outlook calendar indicated three personal appointments on days with a deficit in time worked and no corresponding leave on her timesheet.

Including these three instances, the RA's analysis of Daly-Sims's time and attendance for the period of April 3, 2017, through November 9, 2019, determined that Daly-Sims did not work 374 hours that she had claimed on her timesheets. Out of the 718 total days the RA reviewed, 359 days indicated a deficit.

Daly-Sims's hourly rate was \$125.54 on her Earnings and Leave Statement for Pay Period 1 of 2017 (December 25, 2016, to January 7, 2017) and later increased to \$126.02 on her Earnings and Leave Statement for Pay Period 1 of 2019. (Exhibit 10) Daly-Sims received \$46,951.96 in salary for 374 hours that she overstated on her timesheets for the period of April 3, 2017, through November 9, 2019, based on the \$125.54 hourly rate in effect on April 3, 2017.

D. Mark Treichel

On January 27, 2020, the RA and the AIGI interviewed NCUA Executive Director Mark Treichel regarding McKenna's decision to retire. (Exhibit 11)

On November 19, 2019, Treichel told McKenna that the NCUA Chairman was considering having McKenna drug tested. Treichel informed McKenna that he expected that McKenna would be required to take a drug test and be placed on administrative leave. McKenna responded by saying he would "pee in a cup right now" and said he went to a strip club twice. Treichel told McKenna that he did not think McKenna would be at the NCUA Board meeting on November 21, because he thought McKenna would be on administrative leave before then. McKenna called Treichel a couple hours later and told Treichel that he was retiring. Treichel

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thought that McKenna retired because he did not want to go through the embarrassment of not being at the Board meeting because he was on administrative leave.

List of Exhibits

- Exhibit 1: Memorandum of Interview, Lara Daly-Sims, November 18-19, 2019
- Exhibit 2: Memorandum of Interview, Lara Daly-Sims, December 4, 2019
- Exhibit 3: Email from Lara Daly-Sims to RA and AIGI, December 5, 2019
- Exhibit 4: Email from Lara Daly-Sims to RA and AIGI, December 11, 2019
- Exhibit 5: Memorandum of Interview, Michael McKenna, November 18, 2019
- Exhibit 6: Memorandum of Interview, Michael McKenna, January 2, 2020
- Exhibit 7: Memorandum of Interview, Linda Dent, November 18-19, 2019
- Exhibit 8: Memorandum of Interview, Frank Kressman, November 18, 2019
- Exhibit 9: Memorandum of Activity, Analysis of Lara Daly-Sims' Time and Attendance Records, January 15, 2019
- Exhibit 10: Lara Daly-Sims' Earnings and Leave Statement, pay period December 25, 2016, to January 7, 2017
- Exhibit 11: Memorandum of Interview, Mark Treichel, January 27, 2020



NATIONAL CREDIT UNION ADMINISTRATION
Office of Inspector General
Office of Investigations

EXHIBIT 1

MEMORANDUM OF INTERVIEW

INTERVIEW OF Lara Daly-Sims	DATE OF INTERVIEW November 18, 2019 November 19, 2019
INTERVIEW LOCATION 1775 Duke Street, Alexandria, VA	DATE DRAFTED November 21, 2019

On November 18, 2019, the Reporting Agent (RA), National Credit Union Administration (NCUA) Office of Inspector General (OIG), and the Counsel to the Inspector General/Assistant Inspector General for Investigations (AIGI), NCUA OIG, interviewed Lara Daly-Sims, NCUA Deputy General Counsel. After Daly-Sims was informed of the identities of the interviewers, the RA informed Daly-Sims that the purpose of the interview was to discuss her and Michael McKenna's trips to strip clubs during work hours. Subsequently, the RA provided Daly-Sims with a Garrity Advisement Form. Daly-Sims read and signed the Garrity Advisement Form (Attachment). After being informed of her Garrity rights, the RA and AIGI conducted an interview of Daly-Sims. The below is an interview summary. It is not intended to be a verbatim account and does not memorialize all statements made during the interview. Communications by the parties in the interview were electronically recorded.

Daly-Sims and McKenna first started drinking during the workday and going to strip clubs in late February 2017 or March 2017 after Ross Kendall, Frank Kressman, McKenna, and Daly-Sims went to Ted's Montana Grill in Alexandria for lunch. Daly-Sims remembered this because she was collecting on a bet with McKenna on the Patriots winning the Super Bowl. After lunch, McKenna told Daly-Sims to give him 30 minutes and they would go somewhere else to collect on the second part of their bet. Around 1:00 p.m. or 1:30 p.m., Daly-Sims and McKenna went to a restaurant in downtown Washington, DC called Sign of the Whale and had a couple of beers and some shots of alcohol. After that, Daly-Sims and McKenna went to the strip club next door. McKenna had single dollar bills that he gave Daly-Sims to give to the entertainers. Daly-Sims told the investigators that she felt very uncomfortable drinking and being at a strip club during work hours but did not think someone could tell that she felt uncomfortable. Daly-Sims thought they went to the strip club because she had told McKenna previously that she had never been. Daly-Sims thought they returned to the NCUA around 4:00 p.m. or 4:30 p.m. because that is when McKenna's work day usually ended.

Daly-Sims stated that going out drinking or to a strip club was always McKenna's idea. Daly-Sims told McKenna that she was concerned about getting in trouble. Daly-Sims felt like she was a target in the office because the employees in the Office of General Counsel (OGC) had low

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morale due to a change in telework policy and that she was being swept up in the anger about that. Daly-Sims was afraid of losing her job as a single mother while McKenna did not have concerns because he was already retirement eligible. When Daly-Sims raised her concerns, McKenna said that if anyone reported this to the Inspector General, they should just say they were offsite at a planning session. They did talk about work during these times.

After the first visit to the strip club in late February or March 2017 and until August 2018, Daly-Sims and McKenna went drinking and sometimes to strip clubs during the workday. Daly-Sims and McKenna went to a strip club next to the St. Regis Hotel and the restaurant P.J. Clarke's in Washington, DC one time. Daly-Sims estimated that they went to another strip club, which she thought was called Cabaret, that was near Sign of the Whale in Washington, DC three to five times.

McKenna and Daly-Sims went on an overnight work trip to New York City related to the Melrose Credit Union. After their meetings, McKenna and Daly-Sims went to dinner and drank a lot. While she was in the bathroom at the restaurant, she called a man she was casually dating and told him that McKenna wanted to go to a strip club but that she really did not want to go but felt that she had to go because McKenna was her friend, her boss, and was helping her get the general counsel job. After dinner they went to a strip club that was called Rick's and was located on 34th Street. The strip club in New York was much more "touchy" than the ones in Washington, DC. (b)(6);(b)(7)(C)

(b)(6);(b)(7)(C) (b)(6);(b)(7)(C) There was no "backroom stuff" at the strip clubs in New York or Washington, DC. Daly-Sims wanted to leave Rick's much earlier, but McKenna kept insisting that she stay. Daly-Sims guessed that McKenna was so insistent because he had had a lot to drink.

The next morning McKenna and Daly-Sims met around 11:00 a.m. or 11:30 a.m. at an English pub. McKenna gave Daly-Sims a marijuana edible that he had brought with him. Daly-Sims and McKenna consumed the marijuana edible during work hours before they returned to Alexandria. Daly-Sims did not want the marijuana edible because she was concerned about her top secret clearance. However, McKenna wanted Daly-Sims to consume the edible although he did not force her to consume it. Daly-Sims did not know when or where McKenna purchased the edible. McKenna told Daly-Sims that he had smoked marijuana before and she was under the impression he regularly smoked marijuana. Daly-Sims had no knowledge of McKenna taking drugs during the workday outside of this event.

After consuming the marijuana at the English pub, McKenna and Daly-Sims went back to the strip club because McKenna had left his American Express card there the night before. Daly-Sims wanted to leave the strip club, but McKenna insisted that they stay at the club. Daly-Sims was still angry about being disrespected the night before when McKenna was being insistent she stay with him at the club. After the strip club, McKenna and Daly-Sims caught their train back to Washington, DC. around 2:00 p.m. or 3:00 p.m. Daly-Sims stated that they were "out of it" on the train ride and took a cab home after they arrived.

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Daly-Sims did not know of anyone else in the OGC that went day drinking or to strip clubs with McKenna. Daly-Sims was unsure of the level of knowledge the rest of OGC had regarding McKenna and her drinking and going to strip clubs. Daly-Sims would return to the office after going out with Mike because she was too intoxicated to drive home. One time when she returned to the office, Daly-Sims said to Frank Kressman, "Fucking Mike keeps taking me out on these excursions and I don't like it, but I feel like I have to go." She did not think she shared any details with Kressman. Daly-Sims also told Linda Dent that she was uncomfortable because she had "just been out with McKenna and wish [she] hadn't kept agreeing to do it but [she] felt like she could not not go." Daly-Sims talked to (b)(6);(b)(7)(C) about McKenna and her behavior this morning for the first time in more detail than what she had said to Kressman and Dent.

McKenna and Daly-Sims did not always go to strip clubs during strategic planning sessions; sometimes they just went drinking during work hours. The last strategic planning session was the day before she got married. Daly-Sims told McKenna that she was getting married the next day while they were having drinks and lunch at an Italian restaurant. McKenna said that they should celebrate and have champagne. After that, they went to an Irish pub for beers and probably some shots before returning to the office.

McKenna and Daly-Sims were good friends. Nothing physical ever happened between the two of them. McKenna and Daly-Sims shared very detailed information about (b)(6);(b)(7)(C) with each other, which was how the subject of her never having been to a strip club came up.

McKenna and Daly-Sims discussed work while they were out drinking and at strip clubs and she thought they had some good ideas during these discussions.

Daly-Sims started at the NCUA on August 16, 2011, and was not sure why the drinking and going to strip clubs during the day with McKenna did not start until 2017. Daly-Sims thought it may have started because McKenna was trying to make her feel better when she was (b)(6);(b)(7)(C) (b)(6);(b)(7)(C)

Daly-Sims did not feel that she could say no. She did tell McKenna she was worried about getting in trouble. Daly-Sims thought that she looked like she was having a good time at the strip clubs. The idea that she wasn't capable enough to say no made her uncomfortable. Daly-Sims stated she caved to McKenna. She hated that McKenna made her go up and tip the women by putting dollars in their G-strings. Daly-Sims did not know why she thought there would be bad things that would happen if she did not go. Daly-Sims cancelled several sessions with McKenna with the excuse that she was too busy. McKenna sometimes said she really needed to go and he knew that she was not that busy.

McKenna had Daly-Sims pay for the strip clubs on her personal credit card (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) McKenna provided the single dollar bills to tip the strippers.

McKenna and Daly-Sims went to a strip club during work hours in Washington, DC four to six

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times. They went to a strip club once in New York during work hours and once after hours. There was always drinking involved when they went to a strip club. They went out and drank heavily during work hours without going to a strip club four to five times. In addition to the times they went out drinking, McKenna and Daly-Sims would sometimes have a late lunch on Wednesdays at Theismann's next to the office or an outdoor café and usually have two beers to discuss work issues. Prior to the issue with the NCUA board member getting investigated for alcohol, there was alcohol at the OGC December 2017 holiday party, which was allowed according to a longstanding OGC opinion, and people also brought champagne or beer into the office to celebrate a victory in a big case.

Daly-Sims first received her security clearance in 2017, before she consumed the marijuana edible. She had to fill out a couple of things recently to initiate the process for renewal of the clearance. She did not reference the edible but it was just a short form to initiate the process. During her clearance process, she disclosed that she had used marijuana in the past, but received her clearance and was warned not to use marijuana again by the CIA.

Daly-Sims stated that she did not previously tell the Inspector General's office about these issues because that is not who she is. She said her experience was not unusual for her because she was sexually harassed by colleagues when she worked at a previous employer. She said that she thought it was because she was so open and approachable. Daly-Sims worried that she bore some responsibility and did not say no enough to McKenna.

On November 19, 2019, Daly-Sims proactively came to the OIG's office to provide information to supplement what she stated on November 18. Daly-Sims provided the following information to the RA and AIGI in a recorded interview.

There were two additional daytime excursions by McKenna and Daly-Sims after August 2018. The first of these was in November 2018 sometime before Thanksgiving when McKenna and Daly-Sims went to downtown Washington, DC between 11:30 a.m. or 12:00 p.m. and went to a bar and a strip club. McKenna and Daly-Sims did not return until 4:30 p.m. or 5:00 p.m. Daly-Sims did not want to go because (b)(6);(b)(7)(C) was not drinking but McKenna encouraged her to go. McKenna was the only one to drink during this outing. The last time was in December 2018 (b)(6);(b)(7)(C) During the December 2018 outing Daly-Sims and McKenna both drank, but they did not go to a strip club. She had a conversation with her husband after this about how she could not do this anymore. McKenna asked her to go out with him a few more times, but Daly-Sims told him no.

During 2017 and 2018, McKenna gave Daly-Sims a shot of Fireball whisky during her appraisal. Daly-Sims did not think that her appraisal was conditioned on it, but McKenna pressured Daly-Sims into drinking the whiskey. Daly-Sims did not think McKenna currently had alcohol in his office.

After looking at her security paperwork last night, Daly-Sims realized that she must tell the Office of Continuity and Security Management about the marijuana edible and correct her

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paperwork. Daly-Sim had answered “no” to a question about anything changing since her last security clearance, which was inaccurate because of her drug use.

The strip club was always McKenna’s idea. Going to Theismann’s for 1 hour was not a strategic planning session. The sessions were never for just 1 hour because of the travel involved. On average, the strategic planning sessions were at least 3 to 4 hours when they went to a strip club in Washington, DC.

Daly-Sims thought McKenna occasionally used marijuana. McKenna brought the marijuana edible to New York and he made a comment that that the edible “hit him really hard this time,” and that was part of the problem with edibles because you did not know what you were getting.

(b)(6);(b)(7)(C)

Daly-Sims informed the interviewers that she was going to look through her credit card statements for records of McKenna and her drinking and going to the strip club during the day. She said that there were other occasions where they used cash and she would not have records of that.

Attachment:

Garrity Advisement Form signed by Daly-Sims, November 18, 2019



NATIONAL CREDIT UNION ADMINISTRATION
Office of Inspector General
Investigations Division

GARRITY ADVISEMENT
(ACKNOWLEDGEMENT OF RIGHTS)

I, Lara Daly-Sims, have been advised by Special Agent (b)(6); (b)(7)(C) who has identified himself/herself to me as a Special Agent of the National Credit Union Administration, Office of Inspector General, that he/she is conducting an investigation into a matter affecting my official duties.

In connection with this, I have been advised that:

I have the right to remain silent if my answers may result in a criminal charge being brought against me.

Anything I say or do may be used as evidence in administrative proceedings, civil proceedings, or any future criminal proceeding involving me.

If I refuse to answer the questions posed to me on the grounds that the answers may tend to incriminate me, I cannot be discharged solely for remaining silent.

I understand this interview is strictly voluntary and I may leave at any time.

ACKNOWLEDGMENT

I have read the Acknowledgement of Rights or had them read to me and I understand my rights as set forth above.

Date: 11/18/19 Time: 11:35 am

Signature: Lara Daly-Sims

Printed Name: Lara Daly-Sims

Investigator: (b)(6);(b)(7)(C)

Witness: Maelee Coz

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NATIONAL CREDIT UNION ADMINISTRATION
Office of Inspector General
Office of Investigations

EXHIBIT 2

MEMORANDUM OF INTERVIEW

INTERVIEW OF Lara Daly-Sims	DATE OF INTERVIEW December 4, 2019
INTERVIEW LOCATION via telephone	DATE DRAFTED December 5, 2019

On December 4, 2019, the Counsel to the Inspector General/Assistant Inspector General for Investigations (AIGI), National Credit Union Administration (NCUA) Office of Inspector General (OIG), received a telephone call from Lara Daly-Sims, NCUA Deputy General Counsel. Below is a summary of the telephone call. It is not intended to be a verbatim account and does not memorialize all statements made during the interview.

Daly-Sims said that she contacted the OIG to follow-up on telling the Reporting Agent and AIGI that she would look through her credit card statements for any record of Michael McKenna, former General Counsel, and her drinking and going to the gentlemen's club during the day. She said that although she did not have access to her debit card charges (due to her account being closed due to fraud), she reviewed her personal (b)(6);(b)(7)(C) credit card records and wanted to share additional examples with us based on that review.

She said that the correct name for the strip club in Washington DC that she and McKenna went to was Camelot, not Cabaret. The charges for it on her credit card records was for Rah Corporation. She saw from the credit card records that the last time she and McKenna went to a strip club was to Camelot on December 17, 2018.

She said that other coercive activity continued until McKenna left NCUA in November 2019, including some drinking, but nothing hardcore. On October 26, 2019, McKenna told her that her performance appraisal had to be over drinks. They left the office at 3:00 p.m. before a scheduled happy hour at 4:00 p.m. with other Office of General Counsel staff. They went to Tequila & Taco across from the office and they each ordered a beer. McKenna told her that although she was really smart, she had done some dumb things: (1) sharing concerns with NCUA Executive Director Mark Treichel that (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) (2) killing the special Board meeting when he was vacation. She told McKenna that the Board members agreed with her advice that a special meeting was not needed and that the issue could be addressed in the regular Board meeting. McKenna told her that as a result of her actions, there would be "bad things in December, mark my words."

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(b)(6);(b)(7)(C)

She said that in addition to McKenna offering her a marijuana edible in their trip to New York, previously described in her November 18, 2019, interview, there was another incident in which McKenna asked her to smoke marijuana. They were at National Harbor for drinks and before they arrived at the bar, he showed her a marijuana cigarette that he had brought with him and asked her to smoke it with him. Daly-Sims declined to smoke the marijuana and McKenna did not smoke it either. This occurred on a different day that she previously discussed in her November 18, 2019, interview. She said that they went for drinks during the workday at National Harbor bars two to three times and also went to MGM at National Harbor a handful of times during the workday.

With respect to the trip to New York, which occurred in the week between Christmas and New Year's, Daly-Sims said it was "a little bit of a manufactured reason to go." She and McKenna did need to speak with (b)(6);(b)(7)(C) outside counsel on the credit union case, who now works for NCUA, and with an NCUA employee who was in NCUA Region 2 and since has retired. She said that they spent about 1.5 hours talking to them.

From: Lara Daly
To: Erceg, Marta E; (b)(6);(b)(7)(C)
Cc: Daly-Sims, Lara K
Subject: Fwd: Credit Card Statements
Date: Thursday, December 5, 2019 12:23:56 PM
Attachments: Dec172018.png
 July192018.png
 Feb272018.png
 Dec21282017.png
 August242017.png
 June92017.png
 Feb2017.png

Marta and (b)(6);(b)(7)(C),

I just attempted to send this email with the credit card statements. It also included certain statements that Mike made to me throughout this entire period, but the email got returned as non-deliverable because of banned content. I took a screenshot of that material and will text it to you shortly for your information. I have excluded it from the below email so that the statements will be delivered.

Many thanks,
Lara

Begin forwarded message:

From: Lara Daly <(b)(6);(b)(7)(C)>
Subject: Credit Card Statements
Date: December 5, 2019 at 12:18:48 PM EST
To: merceg@ncua.gov, (b)(6);(b)(7)(C)@ncua.gov
Cc: Lara K Daly-Sims <lrodriquez@ncua.gov>

Marta and (b)(6);(b)(7)(C),

Attached please find statements from my (b)(6);(b)(7)(C) account, evidencing certain trips to Camelot (under its corporate name, RaHS of Washington DC) and other “strategic planning” sessions that I attended, under duress, with Mike McKenna. They are attached in reverse chronological order. The relevant dates are as follows:

February 16, 2017

June 9, 2017

August 24, 2017 (this was a drinking only strategic planning session)

December 21, 2017 (this was a drinking only strategic planning session, but was short and lasted approximately 1-1/2 hours)

December 28, 2017 (this was the name of the pub where we had dinner and breakfast the following day in NYC — I did not pay at Rick’s Cabaret, as Mike paid with him (b)(6);(b)(7)(C) card)

February 27, 2018 (I can’t say for certain whether we went to Camelot that day. I tend to think we did because Rumors is only one block away and Camelot was typically a stop if we went to Anchors or Rumors)

July 19, 2018

December 17, 2018

In addition to these outings, I would like to note that throughout this period, I was subjected to (b)(6);(b)(7)(C) discussions with Mike. Although I cannot pinpoint a particular date for these many, many discussions, particularly as they simply became the fabric of my everyday work life, here are some quotes/snippets that I remember:

[I AM TEXTING A SCREENSHOT OF THE ORIGINAL EMAIL TO YOU
BECAUSE THE CONTENT DID NOT MAKE IT THROUGH THE
AGENCY'S FIREWALL]

I apologize for not having all of the details or all of the records. Some things have been coming back to me over the last few weeks as I have attempted to catalogue these experiences.

Please let me know if you require additional information from me. As well, will I be entitled to review a copy of the report once completed?

My cell phone is (b)(6);(b)(7)(C) should you need to reach me while I remain on administrative leave.

Kind regards,
Lara



From: Lara Daly
To: Erceg, Marta E; (b)(6);(b)(7)(C)
Cc: Daly-Sims, Lara K
Subject: Additional information obtained last night
Date: Wednesday, December 11, 2019 8:06:56 AM
Attachments: IMG_3314.JPG
ATT00001.txt
IMG_3313.JPG
ATT00002.txt
IMG_3315.JPG
ATT00003.txt
IMG_3309.JPG
ATT00004.txt
IMG_3310.JPG
ATT00005.txt
IMG_3311.JPG
ATT00006.txt
IMG_3312.JPG
ATT00007.txt

Marta and (b)(6);

Last night, I met Kelly Gibbs at the Central Office at approximately 6:50 pm to retrieve personal items from my office that I need for some personal meetings next week. Everything I took was reviewed by Kelly.

In searching for some of the papers I needed, I located the attached 2 envelopes from Mike. Guessing from the dates on the envelopes and their contents, it appears that these were a bet from the 2017 NCAA tournament. I note, though, that the inside of the "Mike's Picks" envelope noted the 2018 tournament. I, therefore, suppose it is possible that one envelope ("Mike's Picks") relates to 2018, while the other envelope ("Pay Up") relates to 2017. We would routinely fill out an NCAA bracket to see who fared better in the "Big Dance," but the winner only secured bragging rights. At least until 2017, when this harassment started in earnest. Although the dates line up with the NCAA tournament and I am, therefore, very confident that the "Pay Up" envelope relates to that, (b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

Until last night, I had not opened either envelope. In fact, I requested that Kelly open the one titled "Pay Up," as I didn't want to read the contents for myself. I figured they contained something about pot and/or strip clubs and I was right. After Kelly read the contents, I asked what they said. She handed them to me and I immediately started (or, more accurately, restarted) sobbing. As I recall it now, he had told me that the winner would have the choice of which option to "collect on." I never opened the envelope, as I believe I "won" the bet and was able to avoid having to do anything at that time. Although I believe he later mentioned to me what he had written down as his "pay up" choices, which is why I had a good sense of what was in the envelope and why I didn't want to open it. As you will note by the date, handwritten by Mike, this started a month after our first visit to Camelot.

Kelly took pictures of these envelopes before returning the originals to me.

From then until the incident in December 2017 in NYC, Mike continued to apply pressure to engage in inappropriate conduct, including marijuana use. I successfully resisted this pressure, as evidenced by the results of my random drug test right after Labor Day 2017 (b)(6);(b)(7)(C) and I were selected for a random drug screening the same day, which I believe was the week after Labor Day). (b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

(b)(6);(b)(7)(C)

As we have previously discussed, this perpetual pressure, coupled with the reminders several times a week about how he was going to make me General Counsel (he was then planning to retire in 2018) and how he could get anything done because everyone loved him upstairs (which I understood to be unspoken pressure that I had to go along with what he wanted), I took the edible in NYC under duress.

My apologies for the long email, but I want to note two other things that I have recently remembered:

(b)(6);(b)(7)(C)

Again, apologies for the long email. Cell is still the same (b)(6);(b)(7)(C) if there is follow up.

Many thanks,
Lara



NATIONAL CREDIT UNION ADMINISTRATION
Office of Inspector General
Office of Investigations

EXHIBIT 5

MEMORANDUM OF INTERVIEW

INTERVIEW OF Michael McKenna	DATE OF INTERVIEW November 18, 2019
INTERVIEW LOCATION 1775 Duke Street, Alexandria, VA	DATE DRAFTED November 23, 2019

On November 18, 2019, the Reporting Agent (RA), National Credit Union Administration (NCUA) Office of Inspector General (OIG), and the Counsel to the Inspector General/Assistant Inspector General for Investigations (AIGI), NCUA OIG, interviewed Michael McKenna, NCUA General Counsel. After McKenna was informed of the identities of the interviewers, the RA informed McKenna that the purpose of the interview was to discuss allegations of drinking alcohol during work hours. Subsequently, the RA provided McKenna with a Garrity Advisement Form. McKenna read and signed the Garrity Advisement Form (Attachment 1). After being informed of his Garrity rights, the RA and AIGI conducted a recorded interview of McKenna. The below is an interview summary. It is not intended to be a verbatim account and does not memorialize all statements made during the interview. Communications by the parties in the interview were electronically recorded.

The RA informed McKenna that the OIG's office had received allegations that members of the Office of General Counsel had offsite meeting locations where they drank heavily. McKenna informed the RA that he had no knowledge of this. The RA asked McKenna if he attended offsite strategic planning meetings. McKenna responded that he and Lara Daly-Sims had three to four offsite strategic planning meetings in the last couple of years where they went downtown and to the National Harbor. When questioned on the downtown locations, McKenna stated that one of the locations was a gentlemen's club.

McKenna informed that he and Daly-Sims went to a gentlemen's club two to three times at lunch time or towards the end of the work day. McKenna's workday was from 6:30 a.m. or 7:00 a.m. to 4:30 p.m. or 5:30 p.m. In response to the AIGI's question, McKenna said he could not identify what time he was referring to when he said "towards the end of the work day." He said they would spend 1 hour at the gentleman's club when they went during the work day. McKenna estimated that he had two to three drinks at the gentlemen's club. McKenna thought it was probably his idea the first time they went to a gentlemen's club, but that Daly-Sims had previously mentioned that she had never been to a gentlemen's club and wanted to go. He stated that he and Daly-Sims had an open communication style. Daly-Sims never objected to going and never stated she did not want to go. McKenna had two to three drinks when they went to the National Harbor.

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While in New York City, McKenna and Daly-Sims went to an Irish pub and afterwards, to a gentlemen's club, both at night. McKenna did not remember going to the gentlemen's club the next day, although later, in response to the RA's question, he said that it was possible that he returned to the gentleman's club to retrieve his credit card. McKenna had not used marijuana during the workday at the NCUA or at all since joining the Army in 1985. McKenna stated that he did not remember taking edible marijuana on the second day of his New York trip. McKenna never used his government issued credit card at the gentlemen's club or for drinking during the day. McKenna had not gone to a gentlemen's club by himself during day and had not gone drinking with someone else other than Daly-Sims during the day.

Attachment:

Garrity Advisement Form signed by McKenna, November 18, 2019



NATIONAL CREDIT UNION ADMINISTRATION
Office of Inspector General
Investigations Division

GARRITY ADVISEMENT
(ACKNOWLEDGEMENT OF RIGHTS)

I, Michael McKenna, have been advised by Special Agent (b)(6);(b)(7)(C) who has identified himself/herself to me as a Special Agent of the National Credit Union Administration, Office of Inspector General, that he/she is conducting an investigation into a matter affecting my official duties.

In connection with this, I have been advised that:

I have the right to remain silent if my answers may result in a criminal charge being brought against me.

Anything I say or do may be used as evidence in administrative proceedings, civil proceedings, or any future criminal proceeding involving me.

If I refuse to answer the questions posed to me on the grounds that the answers may tend to incriminate me, I cannot be discharged solely for remaining silent.

I understand this interview is strictly voluntary and I may leave at any time.

ACKNOWLEDGMENT

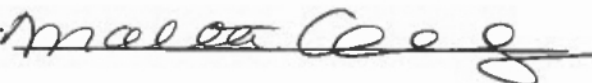
I have read the Acknowledgement of Rights or had them read to me and I understand my rights as set forth above.

Date: 11/18/19 Time: 2:01 PM

Signature: 

Printed Name: Michael McKenna

Investigator: (b)(6);(b)(7)(C)

Witness: 

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NATIONAL CREDIT UNION ADMINISTRATION
Office of Inspector General
Office of Investigations

EXHIBIT 6

MEMORANDUM OF INTERVIEW

INTERVIEW OF Michael McKenna	DATE OF INTERVIEW January 2, 2020
INTERVIEW LOCATION Telephonic	DATE DRAFTED January 6, 2020

On January 2, 2020, the Reporting Agent (RA) and the Counsel to the Inspector General/Assistant Inspector General for Investigations (AIGI), National Credit Union Administration (NCUA) Office of Inspector General (OIG), telephonically interviewed Michael McKenna (McKenna) regarding envelopes provided by Lara Daly-Sims (Daly-Sims) and Daly-Sims' time and attendance.

Envelopes

The RA informed McKenna that Daly-Sims provided two handwritten envelopes that she said were from McKenna. The RA described the first envelope as having "Mike's Picks" and "Bet to Follow" written on the front and "MM" and "3/14" on the back, and that the envelope contained a 2018 March Madness basketball bracket. McKenna stated that he and Daly-Sims would exchange March Madness brackets but did not bet money. The RA described the second envelope as having "Pay Up" written on the front and "MM" and "3/14/17" on the back. In this envelope were two sheets of paper; the first sheet was numbered "1" and stated, "We smoke a joint in your hot tub"; The second piece of paper was numbered "2" and stated, "We go downtown." McKenna stated these were just jokes and that neither one happened and restated that no money was ever exchanged.

Time and Attendance of Daly-Sims

Daly-Sims needed McKenna's approval to telework. It was hard for him to remember how often she teleworked because for different years, there were different things going on with her.

In November or December 2016, McKenna became concerned that Daly-Sims was not working 40 hours a week. (b)(6);(b)(7)(C)

There was a particularly heavy workload in the Office of General Counsel at this time, so McKenna was especially concerned that Daly-Sims might not be working her hours. He arrived at work before 7 a.m. and she did not arrive until 9 a.m., which meant she should be leaving later. Accordingly, he obtained Daly-Sims' garage entrance and exit information. The garage information did not match what she provided on her timesheets. McKenna confronted Daly-

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Sims with this information. In 2017, Daly-Sims seemed to be working her hours, but in 2018 and 2019, there were problems again. When McKenna questioned Daly-Sims about her hours, she stated that she worked at night on special projects for (b)(6);(b)(7)(C) on top of her regular work. McKenna only remembered one occurrence of Daly-Sims not coming into the office at all when she was supposed to, which was in 2019. McKenna told Daly-Sims that she had to take leave. Daly-Sims responded that she had been working on a special project for (b)(6);(b)(7)(C) and did not need to take leave. McKenna was too busy with his own work and could not therefore keep track of when Daly-Sims was coming and going and had to rely on what she told him. If Daly-Sims did not work her hours, she misled him. McKenna did not have any recollection of Daly-Sims frequently working from 10 a.m. to 2 p.m., but he noted that he spent a lot of time on the 7th floor. If Daly-Sims left the building without telling him, that would have been a problem.

Daly-Sims traveled a couple times a year for the NCUA. McKenna remembered Daly-Sims traveled for a NCUA regional conference, a trip to Palm Springs, and to give a couple of speeches. Daly-Sims hardly ever attended outside meetings because McKenna attended them.

Daly-Sims was definitely not teleworking every night as he would have had to approve that. When the NCUA switched to HR Links, it became even harder to keep track of her time because of the new allowance for a variable work schedule. Daly-Sims' time and attendance issues were not common knowledge. (b)(6);(b)(7)(C) the timekeeper, may have known about the issues. Rendell Jones knew about it because he provided McKenna the garage information in November or December 2016. John Kutche approved Jones providing the garage information to McKenna. McKenna shredded the garage information when he was packing up his office prior to retiring.

McKenna was under the impression Daly-Sims worked 80 hours each pay period. If she did not, that meant she misled him. Daly-Sims and her children had doctor appointments. Daly-Sims did not work overnight or stay at work until very late at night working. However, Daly-Sims would sometimes leave her car in the garage and take the metro into work the next day. A 30-minute lunch was required if an NCUA employee, including Daly-Sims, worked 8 hours.



NATIONAL CREDIT UNION ADMINISTRATION
Office of Inspector General
Office of Investigations

EXHIBIT 7

MEMORANDUM OF INTERVIEW

INTERVIEW OF Linda Dent	DATE OF INTERVIEW November 18, 2019 November 19, 2019
INTERVIEW LOCATION 1775 Duke Street, Alexandria, VA	DATE DRAFTED November 23, 2019

On November 18, 2019, the Reporting Agent (RA), National Credit Union Administration (NCUA) Office of Inspector General (OIG), and the Counsel to the Inspector General/Assistant Inspector General for Investigations (AIGI), NCUA OIG, interviewed Linda Dent, NCUA Associate General Counsel. After Dent was informed of the identities of the interviewers, the RA informed Dent that the purpose of the interview was to discuss drinking alcohol and trips to gentlemen's clubs by Lara Daly-Sims and Michael McKenna during work hours. Subsequently, the RA provided Dent with a Garrity Advisement Form. Dent read and signed the Garrity Advisement Form (Attachment 1). After being informed of her Garrity rights, the RA and AIGI conducted a recorded interview of Dent. The below is an interview summary. It is not intended to be a verbatim account and does not memorialize all statements made during the interview. Communications by the parties in the interview were electronically recorded.

Dent heard a rumor probably a couple of years ago that McKenna and Daly-Sims had gone out drinking and to a gentlemen's club. Dent thought that the rumor was outlandish and did not believe it. She said there was a lot of vitriol against management in the Office of General Counsel due to telework issues. Dent did not remember who she heard the rumor from but thought she may have heard about when talking with employees after an office Christmas party. Dent said that Daly-Sims told her that she was at National Harbor with McKenna (b)(6);(b)(7)(C) (b)(6);(b)(7)(C) but to the best of Dent's knowledge, this occurred after work hours. Dent did not remember Daly-Sims telling her that she did not like going out drinking with McKenna.

Dent had never noticed Daly-Sims or McKenna with alcohol on their breath or being inebriated during the workday. Dent remembered one instance seeing Daly-Sims laying down in her office at 5 p.m. or later. Daly-Sims made a comment that she had been out drinking earlier and was laying down before she went home. Daly-Sims did not smell like alcohol and did not appear to be inebriated. Dent explained that Daly-Sims was not necessarily drinking during work hours as she could have left work at 3:30 p.m. or 4:00 p.m. and gone to a happy hour. Dent assumed that the drinking event was work-related.

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MEMORANDUM OF INTERVIEW

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On November 19, 2019, Dent came to the OIG's office and provided information in addition to what she stated on November 18. Dent provided the following information to the RA and AIGI in an unrecorded interview.

Dent said she had some concerns about what she could not recall during her interview the previous day. So, that night, Dent called a close friend (b)(6);(b)(7)(C) and asked her if she had ever told her about people at work going to strip clubs. The friend informed Dent that Dent had told her that the NCUA Deputy General Counsel (Daly-Sims) had gone to a strip club and had not wanted to go. Dent had no memory of this herself. Dent thought her friend remembered this because she had a similar experience at work.

McKenna and Hattie Ulan were the NCUA ethics officials at the time. Ulan reported to McKenna until last year. Dent was not responsible for ethics although one of the attorneys under Dent had some ethics responsibilities in addition to other work.

Attachment:

Garrity Advisement Form signed by Dent, November 18, 2019



NATIONAL CREDIT UNION ADMINISTRATION
Office of Inspector General
Investigations Division

GARRITY ADVISEMENT
(ACKNOWLEDGEMENT OF RIGHTS)

I, LINDA DENT, have been advised by (b)(6);(b)(7)(C)
(b)(6);(b)(7)(C) who has identified himself/herself to me as a Special Agent of the National Credit Union Administration, Office of Inspector General, that he/she is conducting an investigation into a matter affecting my official duties.

In connection with this, I have been advised that:

I have the right to remain silent if my answers may result in a criminal charge being brought against me.

Anything I say or do may be used as evidence in administrative proceedings, civil proceedings, or any future criminal proceeding involving me.

If I refuse to answer the questions posed to me on the grounds that the answers may tend to incriminate me, I cannot be discharged solely for remaining silent.

I understand this interview is strictly voluntary and I may leave at any time.

ACKNOWLEDGMENT

I have read the Acknowledgement of Rights or had them read to me and I understand my rights as set forth above.

Date: 11/18/19 Time: 4:04pm

Signature: Linda Dent

Printed Name: LINDA DENT

Investigator: (b)(6);(b)(7)(C) (b)(6);(b)(7)(C)

Witness: maeaeae

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NATIONAL CREDIT UNION ADMINISTRATION
Office of Inspector General
Office of Investigations

EXHIBIT 8

MEMORANDUM OF INTERVIEW

INTERVIEW OF Frank Kressman	DATE OF INTERVIEW November 18, 2019
INTERVIEW LOCATION 1775 Duke Street, Alexandria, VA	DATE DRAFTED November 23, 2019

On November 18, 2019, the Reporting Agent (RA), National Credit Union Administration (NCUA) Office of Inspector General (OIG), and the Counsel to the Inspector General/Assistant Inspector General for Investigations (AIGI), NCUA OIG, interviewed Frank Kressman, NCUA Deputy General Counsel. After Kressman was informed of the identities of the interviewers, the RA informed Kressman that the purpose of the interview was to discuss drinking alcohol and trips to gentlemen's clubs by Lara Daly-Sims and Michael McKenna during work hours. Subsequently, the RA provided Kressman with a Garrity Advisement Form. Kressman read and signed the Garrity Advisement Form (Attachment 1). After being informed of his Garrity rights, the RA and AIGI conducted a recorded interview of Kressman. The below is an interview summary. It is not intended to be a verbatim account and does not memorialize all statements made during the interview. Communications by the parties in the interview were electronically recorded.

The RA asked Kressman if he had ever heard about McKenna and Daly-Sims drinking alcohol and going to a gentlemen's club during the workday. Kressman remembered that approximately a year and a half ago, before Kressman became Deputy General Counsel, he bumped into Daly-Sims in the hallway as he was leaving at the end of the day and had a 2-second conversation with her in which she said that she had been out somewhere with McKenna but did not provide any other details. Kressman had never smelled alcohol on Daly-Sims or McKenna during the workday. Kressman had never gone out drinking with Daly-Sims or McKenna during the workday. Kressman added that there was alcohol at an office Christmas party in the past, but he could not remember who drank alcohol at that event.

Attachment:

Garrity Advisement Form signed by Kressman, November 18, 2019

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NATIONAL CREDIT UNION ADMINISTRATION
Office of Inspector General
Investigations Division

GARRITY ADVISEMENT
(ACKNOWLEDGEMENT OF RIGHTS)

I, FRANK KRESSMAN, have been advised by Special Agent (b)(6);(b)(7)(C) who has identified himself/herself to me as a Special Agent of the National Credit Union Administration, Office of Inspector General, that he/she is conducting an investigation into a matter affecting my official duties.

In connection with this, I have been advised that:

I have the right to remain silent if my answers may result in a criminal charge being brought against me.

Anything I say or do may be used as evidence in administrative proceedings, civil proceedings, or any future criminal proceeding involving me.

If I refuse to answer the questions posed to me on the grounds that the answers may tend to incriminate me, I cannot be discharged solely for remaining silent.

I understand this interview is strictly voluntary and I may leave at any time.

ACKNOWLEDGMENT

I have read the Acknowledgement of Rights or had them read to me and I understand my rights as set forth above.

Date: 11/18/90 Time: 5:12

Signature: [Signature]

Printed Name: FRANK KRESSMAN

Investigator: (b)(6);(b)(7)(C) (b)(6);(b)(7)

Witness: [Signature]

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NATIONAL CREDIT UNION ADMINISTRATION
Office of Inspector General
Office of Investigations

EXHIBIT 9

MEMORANDUM OF ACTIVITY

TYPE OF ACTIVITY Analysis of Daly Sims' Time and Attendance	DATE OF ACTIVITY 1/15/2020
ACTIVITY LOCATION OIG Office - 1775 Duke Street, Alexandria, VA	DATE DRAFTED 1/28/2020

On January 15, 2020, the Reporting Agent (RA), National Credit Union Administration (NCUA) Office of Inspector General (OIG), completed an analysis of Daly-Sims' time and attendance for the period of April 3, 2017, through November 9, 2019. The analysis was limited as the records for the NCUA parking garage were no longer available for pay periods prior to April 2017. The RA calculated a surplus or deficit of time worked by comparing Daly-Sims' timesheets with her Outlook calendar, travel records, and the duration she was parked in the garage. The RA also reviewed Daly-Sims' PIV card reader activity to determine her entrances into the office to ensure that she was credited with working when she was in the office but did not use the NCUA parking garage. In calculating the required workday, 30 minutes was added to any workday that was 8 hours or longer to account for the 30-minute uncompensated lunch break that is required by NCUA Personnel Manual, Chapter 19, for such workdays.

Daly Sims's Outlook calendar indicated the following three personal appointments with no corresponding leave on her timesheet.

<u>Date</u>	<u>Outlook Calendar</u>	<u>Surplus/Deficit Daily Hours</u>
09/20/2017	"Physical"	5-hour deficit
10/23/2018	"Dr (b)(6); [REDACTED]"	3-hour deficit
10/28/2019	"Sick Leave"	2-hour deficit

Including these three instances, the RA's analysis of Daly-Sims's time and attendance for the period of April 3, 2017, through November 9, 2019, determined that Daly-Sims did not work 374 hours that she had claimed on her timesheets. Out of the 718 total days the RA reviewed, 359 days indicated a deficit.

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Select pay period to view:

01/07/2017 - National Credit Union Administration



National Credit Union Administration Earnings and Leave Statement		For Pay Period Ending 01/07/2017	Net Pay
			\$6,167.56
		Pay Period# 01	Pay Date 01/18/2017
Name RODRIGUEZ.LARA K	Pay Plan/Grade/Step SS 02 00	Annual Salary \$262,000.00	Hourly Rate \$125.54



NATIONAL CREDIT UNION ADMINISTRATION
Office of Inspector General
Office of Investigations

EXHIBIT 11

MEMORANDUM OF INTERVIEW

INTERVIEW OF Mark Treichel	DATE OF INTERVIEW January 27, 2020
INTERVIEW LOCATION 1775 Duke Street, Alexandria, VA	DATE DRAFTED January 28, 2020

On January 27, 2020, the Reporting Agent (RA) and the Counsel to the Inspector General/Assistant Inspector General for Investigations (AIGI), National Credit Union Administration (NCUA) Office of Inspector General (OIG), interviewed Mark Treichel, NCUA Executive Director. After Treichel was informed of the identities of the interviewers, the RA provided Treichel with a Garrity Advisement Form. Treichel read and signed the Garrity Advisement Form (Attachment 1). After being informed of his Garrity rights, Treichel provided the following:

On November 19, 2019, Treichel told Michael McKenna that the NCUA Chairman was considering having McKenna drug tested. Treichel informed McKenna that he expected that McKenna would be placed on administrative leave and be required to take a drug test. McKenna responded by saying he would “pee in a cup right now” and said he went to a strip club twice. Treichel told McKenna that he did not think McKenna would be at the NCUA Board meeting on November 21, because he thought McKenna would be on administrative leave before then. McKenna called Treichel a couple hours later and told Treichel that he was retiring. Treichel thought that McKenna retired because he did not want to go through the embarrassment of not being at the board meeting because he was on administrative leave.

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